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C O N F I D E N T I A L SECTION 01 OF 02 MADRID 000962

SIPDIS

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SUBJECT: SPANISH ELECTION: POPULAR PARTY STILL IN SHOCK

Classified By: Political Counselor Kathleen Fitzpatrick per 1.4 (b) and (d).

Summary

11. (C) The Popular Party remains in shock over the March 14 election results. The government vehemently rejects charges it withheld information on al Qaeda for election benefit. The PP accepts defeat but members complain the Socialists manipulated the March 11 terror attacks to turn the electoral tables on the PP. The PP does not exclude working with PSOE on common issues such as counterterrorism and defending the constitutional order. PP reps are concerned about Zapatero's pledge to withdraw troops from Iraq, but believe a new UN resolution might allow Zapatero to save face and keep the troops there. End Summary.

Accepting the Election Results

12. (C) The mood in Popular Party circles, following the PP's unexpected electoral defeat March 14, is a mixture of shock, depression, anger and, now that a few days have passed, resignation, according to PP contacts. They make clear, however, as PP leader Mariano Rajoy has said in public statements, that the PP will not dispute the legitimacy of the March 14 election results. This is despite the fact that many in the PP believe the Socialists and their allies manipulated the fear and emotion surrounding the March 11 manipulated the lear and emotion surrounding the March II terrorist attacks for electoral gain. Office of the President Parliamentary Affairs Director Ignacio Fernandez told us March 18 that the PP, as "a serious and responsible party," would avoid undermining GOS institutions by casting doubt on the legitimacy of the vote. Coordination on transition is going well, he said. Vice President Javier Arenas is already holding meetings with Zapatero's number two (and likely Vice President). Joseph Galdora (and likely Vice President), Jesus Caldera.

GOS Denies Charges It Manipulated March 11 Investigation

13. (C) PP contacts react strongly, however, to charges that the government withheld information related to the investigation for fear of electoral consequences. Fernandez and other emphasized to us that Interior Minister Acebes was not covering up by declaring, only hours after the March 11 attacks, that there was "no doubt" ETA was responsible. Fernandez conceded that, in hindsight, it had probably been a mistake for Acebes to make an unequivocal However, Fernandez declaration of ETA culpability so soon. and other PP contacts have stressed to us that his statements reflected the police analysis at the time. On March 18, the GOS released police reports from March 11 in an effort to substantiate that point.

Presumed ETA Role

14. (C) Acebes' Chief of Staff, Miguel Temboury, reiterated to us that the GOS had expected a massive ETA attack in Madrid on the eve of the elections. He reminded us that in both December 2003 and February 2004, Spanish police foiled major ETA attacks including, on Christmas Eve, an attempted bombing, using explosives concealed in backpacks, of trains going to Madrid. Furthermore, Fernandez pointed out, al Qaeda had never conducted a terrorist attack in Spain before. Fernandez noted that naturally "everyone," including opposition party leaders and the Basque nationalists, blamed ETA in the early hours. The only exception was ETA's political wing, Batasuna. The GOS suspected Batasuna of disinformation, hence Acebes' statement early on that Batasuna's mention of "Arab resistance" as the culprit was "miserable." on the eve of the elections. He reminded us that in both

Appearances Hurt

(C) Nonetheless, PP contacts affirm that appearances are what often matter most in politics, and the appearance of a cover up was extremely damaging. This combined with widespread anti-Iraq war sentiment and raw fear turned the The cascade began when Acebes began to reverse himself late on March 11 after police found a van (near the train station where the bombed trains came from) with detonators and an audiotape of Koranic verses in it. Saturday March 13, election eve, Acebes announced the arrests of three Moroccans believed linked to terror cells and on March 14, within a few hours of the opening of the polls, came word of the release of a video tape, purportedly from al

Qaeda, blaming the bombing on Aznar's involvement in Iraq and pledging more attacks if Spanish forces are not withdrawn. Meanwhile, also on election eve, anti-PP demonstrators by the thousands gathered at PP headquarters in Madrid denouncing a cover up. The influential and pro-PSOE Prisa media group, which includes El Pais, fueled the flames. The timing, Fernandez noted, could not have been worse and the PP, because of the suspension of campaigning before the election, could not answer back.

Loyal Opposition

16. (C) Fernandez said that the PP is reflecting on what else went wrong in the campaign. He said that the campaign's media and information strategy was lacking. He noted that there may be a PP Congress in the next few months, which could usher in leadership changes. Fernandez said the PP would, as Rajoy has announced, seek to work with the Socialists on matters of state, notably counterterrorism and defending the Spanish constitutional order against Basque and Catalan nationalist efforts to further loosen central authority. Rajoy has pledged the PP will be a "loyal opposition."

Concerns About PSOE Foreign Policy, Iraq, EU

17. (C) To the extent possible, Fernandez said, the PP would like to cooperate with PSOE on foreign policy. However, he said the PP was deeply concerned about Zapatero's pledge to withdraw Spanish troops from Iraq by June 30 absent UN control over the mission. He said the view in the PP was that this would be caving in to terrorists. Fernandez speculated that if the US, France and Germany were able to agree on a UN resolution that would grant UN authority over the Iraq mission, Zapatero could be able to save face and agree to keep Spanish troops in Iraq. Fernandez added that if Zapatero did not stand up for Spanish voting strength in the new EU constitution, the PP would make that a major issue in the June 2004 EU parliament elections.

Aznar

18. (C) In closing, Fernandez said that the vote was a personal blow for Aznar. Having made counterterrorism the center of his presidency, Aznar's team, ironically, had been repudiated as a result of a terrorist attack. Aznar "didn't deserve this," Fernandez concluded.
ARGYROS